

**Work Incentive  
Information for  
Floyd's Case Study  
September 2, 2020**

# HUD Earned Income Disregard/Disallowance

## Who is Eligible?

- Must be 18 or older
- Public housing tenants, OR
- People with disabilities who live in rental housing through:
  - HOME Investment Partnerships program,
  - Housing Opportunities for People with AIDS (HOPWA) program,
  - Housing Choice Voucher program, OR
  - Project-Based Section 8 Voucher (but not other project-based Section 8 programs)

# HUD Earned Income Disregard/Disallowance

## When Does It Apply?

1. When a household member is newly employed, and the household's income increases as a result. The member must have been previously unemployed or very minimally employed (earning no more than the equivalent of 500 hours at minimum wage (this equals \$4,725 in Missouri) during the year before becoming employed), OR

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## When Does It Apply?

2. When a household member has an increase in earnings during participation in a self-sufficiency or other job training program, which may include substance abuse or mental health treatment, or community college, and the household's income increases as a result, OR

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## When Does It Apply?

3. When a household member is newly employed or increases earnings during (or within 6 months after) receipt of TANF- funded assistance (including one-time payments, wage subsidies and transportation aid totaling at least \$500 in a 6-month period), and the household's income increases as a result.
- NOTE: Each adult family member is entitled to only one disallowance period.

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## How Does It Work?

- The increase in household income resulting from the employment is fully excluded for the first 12 consecutive months
- 50% of the income increase is excluded during the second 12 consecutive months

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## How Does It Work?

- The 24 months of the exclusion must occur within a 24-month period, whether or not the person works every month.
- After the 24 excluded months, earnings are fully counted when determining rent.
- If the household's income increases in some other way (e.g., a new member joins the household who has income), the rent may increase.

# HUD Earned Income Disregard/Disallowance

What Will the Housing Opportunity through Modernization Act (HOTMA)

Do to It?

- HOTMA will eliminate the Earning Income Disregard/Disallowance.
- After HOTMA rules take effect, rent will increase when a person goes to work, and the increase will no longer be phased in over 24 months.
- HOTMA rules will take effect when HUD publishes final regulations. This was supposed to happen during 2020, but the pandemic might delay it.
- People who start using the disallowance before HOTMA rules take effect will likely be grandfathered in – they will be able to use the full 24 months of the allowance, even if HOTMA rules take effect during this time.

# Ticket to Work Health Assurance (TWHA): Overview

- The Ticket to Work Health Assurance (TWHA) category provides Medicaid coverage to persons with disabilities, aged 16 through 64, who are employed.
- The income of both the disabled individual and their spouse are included when determining eligibility for the TWHA program.
- DMH has developed a calculator which can be used to see how different earned income amounts impact the consumer's premium for TWHA or Spend Down if ineligible for TWHA. The calculator can be found at this link:

<https://dmh.mo.gov/media/file/ticket-work-health-assurance-calculator>

# TWHA: Coverage Groups

- TWHA is split into two groups, both of which provide full Medicaid benefits:
  1. Basic Coverage Group
    - Individual must meet Social Security's disability definition, except may earn above the Substantial Gain Activity limit (SGA)
    - Must either currently be receiving payments from Social Security Disability or SSI, or be determined disabled by the Family Support Division's Medical Review Team (MRT)
  2. Medically Improved Group
    - Individual must have lost eligibility for Basic Coverage Group due to medical improvement, but must still have a severe medical impairment which is determined by MRT

# TWHA: Eligibility Requirements

- Age 16 – 64
- Employed (paying Social Security/Medicare taxes)
  - For Basic Coverage Group – no minimum earnings amount required
  - For Medically Improved Group – must earn at least equivalent of 40 hours/month at federal minimum wage (currently \$290/month)
- Gross income not exceeding the limit
- Net income not exceeding the limit
- Available resources not exceeding MHABD limit (\$5,000 individual; \$10,000 married couple – 7-2020 – 6-2021)

# TWHA: Income Limits

- Gross income not above 300% Federal Poverty Level (FPL):
  - \$3,190/month (single)
  - \$4,310/month (married couple)
- Net income not above 85% FPL:
  - \$904/month (single)
  - \$1,222/month (married couple)
- NOTE: Blind Pension (BP) is excluded from income

# TWHA: Net Income Determination

The following deductions are allowed:

- All earned income of the disabled worker
- A standard deduction for Impairment Related Employment Expenses (IREE) equal to half the disabled worker's earned income
- \$50 of the disabled worker's SSDI
- A \$20 personal income exemption
- All SSI payments
- A \$75 standard deduction for optical and dental insurance costing less than \$75
- All other health insurance premiums
- The first \$65 of a non-disabled spouse's earned income
- One-half of a non-disabled spouse's remaining earned income

# TWHA: Premium

- A monthly premium is required if gross income is above 100% FPL (\$1,064 for single individuals, \$1,437 for married couples)
- Premiums range from \$43 - \$160 for single individuals, \$57 - \$216/month for married couples on sliding scale
  - (for amounts by income range see of DSS Family Support Division Income Maintenance manual Appendix J at this link: [https://dssmanuals.mo.gov/wp-content/uploads/2018/10/appendix\\_j.pdf](https://dssmanuals.mo.gov/wp-content/uploads/2018/10/appendix_j.pdf))
- Use TWHA Calculator to estimate financial eligibility and premium amount at this link: <https://dmh.mo.gov/media/file/ticket-work-health-assurance-calculator>

NOTE: Income limit and premium amounts above are effective as of April 1, 2020 and increase annually each April.  
1st.

# Full Retirement Age

- When a person who receives SSDI reaches full retirement age, their SSDI is converted to a Social Security Retirement benefit.
- The person can then earn an unlimited amount from work without reducing the Retirement benefit amount.
- Full retirement age for a person born in 1957 is 66 years and 6 months.